

VISIT...

LANZAROTE
Caliente.COM

Keeping your staff

Entrepreneurial companies are tough places to work. What's stopping staff from leaving your firm?

By **Jeff Dennis**

PROFIT Magazine / November 2004

As I researched my book, *Lessons from the Edge*, it became clear that one of the most common challenges for entrepreneurs is retaining employees. In entrepreneurial ventures, change is a constant, roles are defined on an ad hoc basis and employees are expected to give 110%. When larger, more stable and better paying companies demand so much less of their people, why would anyone want to work for you?



Finding the right answers could make the difference between achieving greatness and being profiled in *More Lessons From the Edge*, because the cost of staff turnover is disproportionately higher in smaller firms. If someone leaves a big company, management can transfer in an underused employee from another division or arrange for job sharing until a replacement is found. You don't have that luxury. The result is a loss of productivity and, potentially, of business opportunities — not to mention the expense of hiring and training the replacement. Once you have good people on board, it's much cheaper to keep them.

In my experience, you must set the tone for retention during the hiring process. Approach each hire as a sale. When a prospective employee comes in, treat them as you would a customer. Be prompt. Offer them a coffee. Sell them on the exciting environment that you have created. If you are interested in the candidate, bring them back for interviews with other people in the organization, whose job is not only to evaluate the candidate, but also to exude the same level of enthusiasm. Close the sale with a personal touch. Even if an HR manager makes the hire, you should call and welcome your new employee aboard. Some firms even send a welcome basket.

Once you've landed an employee, your job becomes retention. The most significant employment advantage of an entrepreneurial company is just that — its entrepreneurial culture. Play to your strengths. Create and maintain an environment that has the following characteristics:

Open communication: Start with communicating your vision and values, which, if you are doing a good job, everyone in the organization should be saying in their sleep. When your vision and values become a mantra, your company can use that mantra as a touchstone for all the decisions that are made. An open environment also means providing reinforcement and other forms of feedback to your employees. The flipside: adopt an open-door policy in which no idea is considered stupid. You can also offer rewards for ideas that are implemented in order to encourage a constant flow of creative juices.

While it sounds counterintuitive to private firms, I believe all companies should practise open-book management. When employees understand the finances of a firm and can see the impact of their work on the bottom line, they are far more likely to buy into your vision.

Respect and trust: Show that you respect and trust your employees by standing

back and letting them do their thing. If you sense they need assistance, then be a coach rather than a micromanager. As long as they deliver results, let them come and go as they please. After all, growing companies demand flexibility from their workforce; you should be willing to pay it back. Allowing employees to achieve more balance in their lives through flexible schedules, job sharing, telecommuting and reduced summer hours can make that shiny office tower across the street look like the Death Star.

Continuous learning: Employees who can develop new skills through formal education and on-the-job training tend to be more loyal and, of course, more effective.

Lots of fun: A casual, enjoyable environment goes a long way to building employee loyalty. Create bonding experiences for your team through regular group activities, whether they're educational or just for fun.

Results-based compensation: Build compensation packages that are transparent, consistent and fair across the organization. They should include a modest base salary with plenty of opportunity for upside through commissions, profit-sharing and equity. This will align your employees' interests with the goals of the company. By offering equity, they will truly feel like your partners. Just be sure to impose mid- to long-term vesting periods so that the employee must stay with the company for a fixed period of time before they can cash in.

Celebrations: Recognition is very important to people. Although something as simple as an Employee of the Month trophy can be motivating, I suggest you try to be more creative. I have seen one company provide the best parking spot and the use of a top-of-the-line Mercedes to its best-performing salesperson each month. It is also important to celebrate as a company. Since you've opened your books, everyone will know when you exceed your targets. Make a big deal about it. Have a party. Do something big that will be a constant reminder to your team of their success and the part that they all played in it. Heck — why not ride in on an elephant?

Your most important assets walk out the door every night. To make sure they come back the next morning, give your people your time and full attention. Need a mantra to help you achieve this? How about this one: "The most important customer is my employee."